

Message Text

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14

ACTION OPIC-12

INFO OCT-01 ARA-11 ADP-00 XMB-07 L-03 INR-10 CIAE-00

NSAE-00 EB-11 COME-00 TRSE-00 AID-20 OMB-01 /076 W
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R 102132 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3980

INFO AMEMBASSY BUENOS AIRES

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E. O. 11652: GDS

TAGS: EIND, CI

SUBJ: REQUISITIONS AND INTERVENTIONS - DOW

PASS OPIC AND EXIM

BUENOS AIRES PLEASE INFORM VENABLE

REF: SANTIAGO 0973

1. SUMMARY: GOC SUGGESTS HIGH- LEVEL TALKS WITH DOW FOR ANOTHER ATTEMPT REACH UNDERSTANDING ON DOW' S REQUISITIONED PROPERTIES, EVEN THOUGH NOT REPEAT NOT POLITICALLY POSSIBLE LIFE REQUISITION AT THIS TIME. CONTINUING PRODUCTION PROBLEMS MAY BE REASON FOR GOC INITIATIVE. END SUMMARY.

2. DURING AMBASSADOR' S CURTESY CALL APR 9, MINFINANCE FLORES INQUIRED ABOUT STATUS OF PETRODOW NEGOTIATIONS. AMBASSADOR REVIEWED HIS UNDERSTANDING OF DOW' S POSITION AND ASKED WHETHER FLORES HAD SUGGESTION IN THIS REGARD.

3. FLORES SAID HE WANTED TO SUGGEST THAT DOW SEND SENIOR EXECUTIVE (HE SUGGESTED DOW PRESIDENT) TO TALK DIRECTLY WITH MINECON MILLAS. FLORES ALSO SUGGESTED THAT DOW NOT REPEAT NOT SEND " SAME DELEGATION AS LAST TIME" IN VIEW OF FAILURE TO REACH UNDERSTANDING. AT OUTSET, HOWEVER, FLORES SAID DOW SHOULD UNDERSTAND THAT AT THIS TIME IT
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NOT REPEAT NOT POLITICALLY POSSIBLE TO LIFT PETRODOW
REQUISTION.

4. FLORES REQUESTED AMBASSADOR PASS SUGGESTION TO DOW
HEADQUARTERS AND AMBASSADOR SAID HE WOULD ASK DEPARTMENT
TO DO SO, BUT DID NOT MAKE ANY COMMITMENT THAT DELEGATION
WOULD COME.

5. CONTINUING PETRODOW AND PETROQUIMICA PRODUCTION PRO-
BLEMS (REFTTEL) MAY BE REASON GOC INTERESTED IN REOPENING
DOW NEGOTIATIONS. PETRODOW IS REPORTED TO HAVE HAD CONDENSE-
TION OF POLYMER IN REACTOR, LINES, AND PUMPS WHILE PROCESSING
LOW- DENSITY POLYETHYLENE. APPARENTLY SAME EQUIPMENT USED
PRODUCE PVC. AS RESULT, OF EIGHT TO TEN RESINS THAT DOW
PLANTS DESIGNED TO PRODUCE, THEY NOW PRODUCING ONLY TWO,
ONE FOR PHONOGRAPH RECORDS (WHICH IS REPORTED TO BE OF POOR
QUALITY) AND THE SECOND FOR CERTAIN FLOOR TILES. IN ADDI-
TION, EMBASSY RECENTLY INFORMED THAT NATIONAL PETROLEUM
COMPANY (ENAP) HAS NOT BEEN ABLE TO DELIVER ETHYLENE TO
PETROQUIMICA SINCE MID- FEBRUARY, APPARENTLY BECAUSE ENAP
IS HAVING LABOR PROBLEMS. ENAP HAS PROMISED TO BEGIN
DELIVERIES BY NEXT WEEK, BUT SOME SOURCES DOUBT THEY WILL
BE ABLE TO.

6. ACCORDING TO SAME SOURCES, PASTIC PROBLEM WORSENERD
BY UNEXPLAINED DISAPPEARANCE OF DOW' S RESIN INVENTORIES
WHICH REPORTEDLY COULD HAVE KEPT SOME MANUFACURERS
OF FINISHED PLASTIC PRODUCTS IN SUPPLY FOR TEN MONTHS.
RUMOR IS THAT THESE INVENTORIES WERE EXPORTED. WITH-
OUT INVENTORIES, SOURCES EXPECT PRODUCTION PROBLEMS
TO BE REFLECTED IMMEDIATELY IN CONSUMER MARKET BY
VIRTUAL DISAPPEARANCE OF WIDE RANGE OF PRODUCTS MADE
FROM PVC AND LOW DENSITY POLYETHYLENE.
DAVIS

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